

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1152
ANSWERED ON:24.10.2008
BANK CHARGES
Singh Shri Uday

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has found that the Commercial Banks are charging heavily credit cards and current accounts;
- (b) if so, the details thereof and action taken thereon;
- (c) whether the RBI has some control over them as per the terms and conditions of license;
- (d) if so, the details thereof;
- (e) whether the Government proposes to initiate an enquiry and issue directions to these banks; and
- (f) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Normally banks do not charge from their customer for depositing money to their own account. However, some of the banks levy charges for cash payment against credit card bills. Charges are collected at the time of accepting cash. As per Reserve Bank of India (RBI) guidelines banks need to inform about changes in rates or charges to their customer one month before implementation.

(c) to (f): RBI, vide its circular dated September 7, 1999 had given freedom to banks to decide on service charges or various services offered to customers. Banks have been asked to fix service charges having regard to the cost of rendering the services. Banks were also advised to ensure that the charges are reasonable and are not out of line with the average cost of providing these services. Banks should also take care to ensure that customers with low volume of activities are not penalized.

Further, RBI vide its circular dated May 7, 2007 has advised that the Boards of the banks should lay out appropriate internal principles and procedures so that usurious interest rates including processing and other charges are not levied.